



EXPRESS SESSIONS

Taking the Pulse of the Hamptons Real Estate Market

Brendan J. O'Reilly | February 19, 2025

During an Express Sessions discussion of the state of the Hamptons real estate market last week at Page Sag Harbor, panelists described the activity in the market at present as “sporadic.”

“Some days there’s nothing, some days there’s a lot on the table,” said Justin Agnello, a salesperson with Douglas Elliman. “I think inventory is tight, which we all know, and there’s a lot of buyers out there that do want to buy.”

Ed Bruehl, an associate broker with Saunders & Associates, said it was a strong fourth quarter last year once the national election was over.

“Going into this year, I see a lot of closings, and I see a lot of energy, but it’s self-manifested from the broker,” he said. “You got to go out there and make it happen.”

Judi Desiderio, the Hamptons & North Fork executive regional director of William Raveis, also recognized a shift after the election was decided.

“Thank goodness the election’s over,” she said. “I don’t care how you voted, just thank goodness it’s over. All the drama was something we really didn’t need, and everything affects our market. Because we’re a luxury item. You know, this isn’t a first-home market, so they don’t have to have what we’re selling. They can rent if they need to be in the Hamptons.”

Desiderio found that while January is usually a slow month, January 2025 was very, very busy, and February has been busy as well. One reason for this that she offered is that people had held off on closing deals because they preferred to close in 2025 over 2024.

She also noted that high interest rates can be a headwind.

“People say, ‘Well, interest rates don’t really affect our market.’ They don’t directly, but indirectly, interest rates do,” she said, explaining that the South Fork’s buyer population of company owners are affected by the amount of interest they pay to run their businesses. It “affects whether they’re growing or shrinking, and that then affects us.”

Other challenges she called attention to are geopolitical unrest and inflation, which ticked up to 3 percent in January.

“All of those things make people take pause, and we don’t want them to pause,” Desiderio said. “We want them to pull the trigger.”

Barry McGovern, a salesperson with Hedgerow Exclusive Properties, agreed people were sidelined as they waited for the election to be over.

“With Memorial Day around the corner, I’m starting to see a lot of renters poke their heads out right now in terms of new clients to the market,” he said. “I think for everybody, it doesn’t matter how much money you have, how rich you are, there’s a lot of sticker shock initially. What we’re trying to do is really convert these renters into buyers and be more advisers than just like car salesmen trying to force something on anyone.”

Timothy O’Connor, a salesperson with Brown Harris Stevens, has observed a normal February spike.

“Everyone wants to be in for Memorial Day,” he said.

At the same time, he said, “It’s much more sporadic than I’ve ever seen,” with no calls one day and 10 the next.

“The challenge the market faces is still inventory,” he said. “But if a house is priced right, people show up. So I just listed something in Amagansett two weeks ago, had over 45 agents through, and we had a deal in three days because it was priced to sell.”

He explained that when a house is overpriced, feedback comes that the kitchen and the bathroom need to be redone.

“We priced it to sell it, and that’s what happened,” he said, noting that buyers “are out there and they are eager.”

Christopher Stewart, a salesperson with Compass, observed that clients want a home they don't have to do a lot of work to. However, in a case of a house that needs work, he agreed that it just needs to be priced right, and it will sell.

"A lot of sellers are still holding on to the hope that they're going to get more money than the market will warrant," Stewart said. "Some of that has to do with trickle-down COVID effects still, where the price of land is still very expensive, which inflates the price of all houses."

He's noticed buyers are making more trips east to see houses and are more flexible about where the houses are. Instead of coming out one time to see houses, they want to come out two, three, four, five times, he said. "It's less location specific," he added. "They're willing to really seek out what they want, rather than be stuck in one locale."

With low inventory being an unyielding problem for the Hamptons market ever since the pandemic-driven buying frenzy devoured much of what was available, panelists gave a number of reasons why homeowners are hesitant to put their homes on the market and also offered signs that the dam may break.

"One thing that's coming into play with the lower inventory is some of the people that purchased and locked in on low interest rates, their loans are coming up now, and I'm starting to get calls from sellers that are saying, 'You know, I don't know that I want to hold on to my asset moving forward,'" said Angela Boyer-Stump, a salesperson with Sotheby's International Realty. "So we may see a shift in inventory and see some of the people that are having to pull out of their mortgages come back on the market for us."

O'Connor added, "This has been a cold winter, and people are going to see different heating bills and carrying costs than they have in the last three or four years."

According to Desiderio, inventory problems can be attributed in part to increasingly restrictive zoning laws that allow for less density.

“You go from half an acre that becomes one-acre,” she said. “That one-acre becomes three-acre, three-acre becomes a five-acre. And what do you do? You eliminate all of those affordable properties.”

She also noted that municipalities have bought up developable land and conservation groups have bought up overlays to stop development, while the Hamptons is “sitting at the end of a pin,” with water on three sides.

“You’ve eliminated your supply,” she said. “Your demand continues to creep up, because how could you not fall in love with the East End? And that’s really the position we’re in right now.”

She predicted that the Hamptons’ inventory issues are here to stay.

Bruehl pointed to East Hampton Town’s Community Preservation Fund purchase of the old Star Room bar property in Wainscott in 2017 as one example of preservation purchases he disagrees with.

“Did that preserve anything of value?” he wondered.

The property was converted into a park that panelists said “no one goes to.”

“Some commercial property on the highway isn’t evil,” Bruehl said. “It’s actually good for the community, and for those of us who live here 24/7, a little more would be nice.”

Agnello explained that another compounding factor contributing to low inventory is that people with growing families who would like to trade up to a bigger house have no place to go — so they don’t put their own homes on the market.

“A lot of people are renovating. A lot of people are adding on to their homes,” he said. “If you talk to builders today, they’re booked. They’re booked solid.”

McGovern pointed out that the investment potential of Hamptons real estate makes it hard to part with.

“No new land is going to be made. So it’s a great investment. It is continuously going to go up forever, I believe,” he said.

Stewart predicted that homes that are deemed preexisting, nonconforming — houses that pre-date current zoning laws — will have a lot of value in East Hampton Town as the Town Board is presently working to implement new restrictions on house sizes.

“If you’re someone that has something that is going to be preexisting, nonconforming, it behooves you to wait a little bit and see how that shakes out for value, because your house may become more valuable,” he said. “I think we’re going to have a benchmark era in East Hampton where things are going to be pre-2024-25 and post, because it’s a drastic change.”

He also pointed out that homeowners who took advantage of ultra-low mortgage rates during the pandemic won’t want to give that up for a new home with the current 30-year mortgage rate of 7 percent.

So-called “off-market listings,” while impossible to enumerate, appear to be growing in popularity as an alternative to publicly listing and advertising properties, which also affects the inventory count.

O’Connor said off-market listings are appearing across all price points, and he gets many calls from colleagues asking, “What do you know? What do you have?”

Boyer-Stump is not a fan of the practice, a sentiment that most if not all of the panel shared.

“I’m seeing it more and more. We’re getting emails from certain agencies saying we’re going to have all these off-market listings,” she said. “... If I were going to bring my house to market right now, I would not be doing it off-market. I would be listing it, and I would be paying a full commission to the brokers, buyer and seller side,

because you want your highest and best number, and off-market may or may not deliver that. It's a coin toss. It's a risk."

Bruehl had no confidence in off-market listings to deliver the best price for the seller.

"You can't just get the neighbor to pay the perfect number without going to a transparent market," he said.